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SUBJECT: DURBAN 2010 WORLD CUP PREPARATIONS ON TRACK, BUT CUTTING IT  
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#### Summary

1.(U) Summary: eThekweni Municipality's Head of Strategic Projects and 2010 Unit Ms. Julie May Ellingson believes Durban's 2010 preparations are proceeding well but could be derailed by escalating costs for stadium construction, late completion of other 2010 related projects and strict FIFA processes related to communication, marketing and selection of service providers. She also believes that 2010 will be good for South African tourism industry as thousands of tourists will arrive and spend money in the local economy. Ms. Ellingson is confident South Africa will overcome challenges of transport, accommodation and crime to stage a very successful World Cup.

#### 2010 Helps to Fast-Tracking Development Projects but Time Frames Tight

12. (U) Ms. Julie May Ellingson met with Consul General and Pol/Econ Assistant on February 2 to discuss Durban's preparations for 2010. She began the discussion by noting that most of the city's major projects were not initially linked to 2010, but the World Cup helped to fast-track these projects, which were already planned. The major infrastructure projects underway include the new King Shaka International Airport, R6.8 billion, Beachfront Development Project. Ms. Ellingson said the time frame for these projects is very tight and identified the Beachfront development as having a tighter schedule and doubted it will be completed by 2010. She indicated that if deadlines are not met, the impact will be greatly felt especially by the local private sector.

#### Moses Mabhida Stadium On Schedule, Over Budget

13. (U) Ms. Ellingson noted that construction of the Moses Mabhida Stadium is progressing well and expected it to be finished before the deadline. She said a Sports Precinct will be built around the stadium to ensure that the project has future utility. Ellingson noted that the cost of building the new stadium has increased greatly because of foreign exchange rates and increases in the price of construction materials.

She noted that the stadium was initially expected to cost R2.6 billion but is now estimated to cost R3.1 billion. She said the city contributed R500 million, the province R300 million and the rest was funded by the national government.

The resulting impact is that many aspects of the project have had to be scaled down to save on costs, as additional funding is not available. However, Ms Ellingson noted that the increase of R500 million in Durban was not as bad as in Cape Town. She said "the situation is under control in Durban".  
(Reference 08CAPETOWN223)

Ms. Ellingson said municipalities of Ugu (Port Shepstone) and Msunduzi (Pietermaritzburg) also received funding of about R150 million for 2010 related projects. She also indicated that stadia in historically disadvantaged areas around Durban, Clermont, Umlazi and KwaMashu are also being refurbished as they will be used as training facilities during the World Cup.

## Transport is Single Biggest Challenge

14. (U) Ms. Ellingson acknowledged that transport infrastructure is the biggest challenge facing South Africa in relation to 2010. She is confident that the new International Airport will be finished and operational before the World Cup but acknowledged that there was a tight completion schedule.

(U) Ms. Ellingson confirmed that the city will mostly use a bus transport system for 2010 visitors. She said the tender for the bus system is out and the municipality will select a vendor by end of March 2009. She also said Durban will use a ticket system that will allow commuters to use various modes of transport with one ticket. Ms. Ellingson said the city is currently piloting project "People Mover" with buses which are safe, clean and punctual. She said the city is looking at working more closely with the taxi industry to improve it and is looking for creative ways to use taxis during non-peak hours between 9 AM and 3 PM. (Reference: 08DURBAN65)

## KZN Tourism to Benefit But Challenges of Accommodation, Marketing Remain

15. (U) Although Ellingson has seen visitor estimates as high as 750,000 visitors to South Africa during the World Cup, she believes the actual number will be closer to 350 000 . She said the municipality is working with Tourism KwaZulu Natal to create a tourist package that will attract visitors to Durban and KwaZulu Natal. She noted that working with the FIFA- appointed travel coordinator had been problematic because its approach is oriented to more typical venues in the developing world that offer many high-end hotels. FIFA has since named specific tour operators to organize travel for the United Kingdom and Europe (a tour operator for the U.S. is still to be appointed). As a result, the situation has improved because these tour operators better understand the system of B&Bs and guest houses in South Africa.

(U) Ms. Ellingson said it is critical to make sure that 2010 tourists spend money in Durban during the World Cup. Ms. Ellingson acknowledged that accommodation is another challenge facing Durban as not enough beds are available for visitors. She indicated that three hotels are currently being developed in Durban to cater for 2010.

## Creative Approaches to the Challenge of Crime

16. (U) Crime could negatively impact the 2010 World Cup, Ellingson acknowledged, and South Africa is receiving assistance from an American team of security experts in this regard. She said that a Joint Operational Centre involving representatives from national, provincial and local level will coordinate crime prevention initiatives during the World Cup. She indicated that Durban has a detailed plan for creating parks in the beachfront area to cater for fans and tourists who cannot afford tickets. These fan parks will be controlled by the city and will be very secure.

## Maximizing Economic Benefits but Small Enterprises Face Challenges

17. Ms. Ellingson believes 2010 will provide businesses major economic opportunities but that it will be difficult for Small, Medium Businesses to take full advantage of the economic spin-offs from 2010 because they lack financial capital, skills and capacity. She believes fan parks will benefit small businesses and the informal sector more. She said, "if one visitor leaves Durban with money in his/her pocket, we have not done our job well".

## Comment

18. (U) Durban's preparations for 2010 are progressing well in

spite of challenges with regards to transport, accommodation and crime. Time frames for other 2010 related projects seem to be tight and there are doubts about their readiness for 2010. The issue of crime could be a concern for many tourists who might travel to South Africa for the World Cup. South Africa's plan to fight crime during the World Cup is critical to allay the fears of potential tourists.

(U) Escalation of costs for stadium construction could delay its completion as the city and the national treasury fight over who should foot the bill for additional costs.

U) The economic spin-offs from the World Cup might not filter down to ordinary South Africans, informal sector and small business because of limited economic opportunities for them.

(U) 2010 will also benefit historically disadvantaged areas surrounding Durban as they have been allocated funds to refurbish their local stadiums as part of preparations for the World Cup. This will be a lasting impact of 2010 in these communities. The fan park concept might prove to be a smart idea as many local soccer fans might struggle to afford tickets to watch the games at the stadium.

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